

# **Fact Sheet**

## **Charting Alaska's Financial Future: A Role for the Permanent Fund?**

### **What is the Conference on the role of the Permanent Fund?"**

In his State of the State address Governor Murkowski outlined his five point fiscal plan. Because he is concerned about the erosion of essential public services if we fail to act, the Governor thinks it is time for Alaskans to consider important questions regarding the role of the Permanent Fund in Alaska's future. He has called for a broad-based, bipartisan group of respected Alaskans familiar with the state budget and the Permanent Fund to come together to address the following questions:

- Should the use of income from the Permanent Fund be limited by the Constitution to five percent (5%) of the Fund's value, as the Permanent Fund Trustees have proposed?
- Should a portion of the income of the Permanent Fund be used for essential state services, such as education?
- Should the use of the income of the Permanent Fund for Permanent Fund dividends and possibly for other purposes be determined annually by the Legislature, as is currently the case, or should it be dedicated in the Constitution?
- Should the State maintain a minimum balance in the Constitutional Budget Reserve to stabilize State finances against fluctuation in oil production or prices?

### **Who will participate in this Conference?**

Governor Murkowski has asked Mike Burns to serve as the Conference chair, and Steve Frank, Clark Gruening, Marc Langland, Helvi Sandvik, Arliss Sturgulewski and Eric Wohlforth to serve as convenors. Judge Tom Stewart, who was Secretary to Alaska's Constitutional Convention in 1955, has agreed to be Honorary Chair of the Conference.

These respected Alaskans have spent many years collectively and individually addressing important financial issues for Alaska. There will be a total of 55 delegates. The Legislature's Majority and Minority leaders will be included as members of the Conference. The Chair and convenors will select the remaining 44 delegates. The selection criteria are that they be Alaskans who have also thought long and hard about these issues and be a broad-based, microcosm of

Alaskans who are prepared to leave politics at the door and do what is right for Alaska in responding to the questions asked by the Governor.

### **When and Where will this Conference occur?**

The Conference will take place in Fairbanks from February 10 to February 12, 2004, at the University of Alaska Fairbanks, the site of Alaska's Constitutional Convention.

### **Why do we Need this Conference?**

Like the Statehood Convention of a half-century ago, the issue before us is of monumental importance to all Alaskans. The Conference will help bring focus to a decision Alaska must face regarding its fiscal future. For years Alaskans have talked about the State's fiscal gap and whether the Permanent Fund income should play a role in solving it.

The State is in the position to choose between very different fiscal paths. One path would be to reduce public services, while that portion of the income, which could be used to maintain public services, is placed into the Fund to make it larger. The other path is to start using Permanent Fund income now to maintain public services, which would otherwise erode over time. The Conference is a way to bring knowledgeable, thoughtful Alaskans together to provide clear advice on which path they believe should be chosen and an opportunity to avoid having to make even harder choices when faced with an imminent fiscal crisis.

Governor Murkowski has provided leadership in calling for this Conference to advise him on the future direction for Alaska's important renewable resource: the Permanent Fund income.

### **Why Not an Income Tax?**

There are a number of reasons why the Murkowski Administration doesn't support an income tax. An income tax lays the burden on working Alaskans, and only recycles money that is already in Alaska's economy.

### **How Do You Know This Won't Be Just Another Group that Can't Reach Consensus?**

The Governor has asked Brian Rogers, a respected, experienced facilitator of statewide conferences, to facilitate this Conference with the purpose of achieving a resolution from Conference delegates that addresses the questions raised by the Governor. Americans and Alaskans have a long history of rising to the occasion in unity when faced by a threat. Alaskans voted to create the Permanent Fund and the Constitutional Budget Reserve when the need arose. Governor Murkowski believes that the state's public services will be threatened

by inaction. So he expects that in the spirit of the 1955 Constitutional Convention, Alaskans will join together now to make decisions that are in the best interest of all Alaskans and good for Alaska.

### **What Happens With the Recommendation that Comes out of the Conference?**

The Governor will prepare legislation and present it to the Alaska State Legislature for the legislature to determine whether to put the Conference recommendations on the November 2004 ballot for a final decision by the people of the state.

### **Why Call a Special Session?**

A Special Session will not cost the State additional money because it will be held during the regular Legislative session. This issue is so important that it deserves focus on a single issue without the distraction of other bills. It is precisely that opportunity that a special session provides.

### **What Is the Legislature's Role?**

Members of the Legislature, along with the Governor, are the elected representatives of the people of Alaska. Any resolution on the Permanent Fund that comes out of the Conference should be debated and reviewed in that elected public forum. If the Conference were to recommend a Constitutional Amendment, the Legislature is the body with the authority to place a Constitutional Amendment on the ballot.

### **What is the Role of Alaskan Voters?**

Ultimately, it is the role of each and every Alaskan voter to decide 'yes' or 'no' on any amendment to the Constitution. Alaskan voters would decide the fate of any proposal placed before them on the November 2004 ballot.